Supplement to R&E Series No. 725
Revised - June 26, 1986 A3875-1

ASSOCIATION OF AMERICAN RAILROADS

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

[illegible]

CAPITAL EXPENDITURES

(Dollars in Millions)

	1ST QTR		2ND QTR		3RD QTR		4TH QTR		YEAR		
	Road	Equip	Road	Equip	Road	Equip	Road	Equip	Road	Equip	Total
1981	$303	$623	$ 299	$411	$ 321	$229	$410	$258	$1334	$1521	$2855
1982	209	208	269	244	348	113	436	147	1262	713	1975
1983	169	59	393	112	262	103	533	177	1356	451	1807
1984	527	120	944	217	1125	199	869	308	3472	845	4317
1985	568	131	1079	257	1035	286	869	267	3521	972	4493
1986	496	172									

REVENUE TON-MILES

(Millions)

RAILROAD	FIRST QUARTER 1986	FIRST QUARTER 1985	SECOND QUARTER 1985	THIRD QUARTER 1985	FOURTH QUARTER 1985	TOTAL YEAR 1985
ATSF	16,965	17,819	17,202	17,171	16,902	69,095
BM	480	580	600	585	586	2,351
BN	45,869	46,653	46,123	45,436	45,883	184,094
CNW	6,745	6,213	6,220	6,150	5,692	24,275
CR	18,123	18,323	19,181	17,881	18,746	74,132
CSX	33,305	32,803	35,341	32,533	33,376	134,052
DH	785p	933	939	922	854	3,647
DRGW	2,814	2,828	3,095	2,892	2,829	11,643
EJE	107	121	135	121	103	480
FEC	904	819	805	762	841	3,227
GTW	1,245	1,232	1,335	1,193	1,262	4,981
ICG	5,815	7,263	6,361	5,740	6,383	25,747
KCS	3,027	2,973	3,046	2,898	2,702	11,620
MKT	2,098	2,119	2,218	2,445	2,135	8,918
MP	13,744	13,263	12,504	12,983	12,620	51,371
NW	11,817	11,166	11,335	10,540	11,125	44,166
SSW	2,965	3,545	3,467	3,253	3,206	13,472
SOO*	4,986	3,548	5,072	4,523	5,199	18,342
SP	15,159	15,862	16,585	15,992	15,062	63,501
SRS	11,814	11,476	12,444	11,656	11,818	47,394
UP	19,373	19,665	17,317	18,952	17,461	73,396
WP	1,498	1,451	1,518	1,595	1,517	6,072
TOTAL	219,635p	220,655	222,843	216,223	216,302	875,976

e - estimate
p - preliminary
* - Includes Milwaukee beginning 2/19/85

NOTES: 1) Total of quarters will not add to total for year due to non-reported revisions in earlier quarters of year and rounding.

2) Starting first quarter 1984 data reflects depreciation accounting and is not directly comparable to data in prior quarters.

AVERAGE NUMBER OF EMPLOYEES

RAILROAD	FIRST QUARTER 1986	FIRST QUARTER 1985	SECOND QUARTER 1985	THIRD QUARTER 1985	FOURTH QUARTER 1985	YEAR 1985
Boston & Maine	2 324	2 437	2 535	2 546	2 509	2 507
CSX Transportation	47 775	52 405	54 451	51 794	49 589	52 011
Conrail	31 591	34 826	37 348	37 830	35 322	36 331
Delaware & Hudson	N/A	1 283	1 443	1 442	1 380	1 387
Elgin Joliet & Eastern	1 460	1 383	1 543	1 552	1 494	1 497
Grand Trunk Western	N/A	4 202	4 273	4 203	4 254	4 233
Florida East Coast	1 032	1 042	1 054	1 049	1 042	1 047
Illinois Central Gulf	N/A	9 409	9 695	9 162	8 588	9 215
Norfolk Southern	34 630	35 363	36 646	36 510	35 975	36 415
TOTAL EAST	N/A	142 350	148 988	146 088	140 153	144 643
Atchison, Topeka & Santa Fe	24 021	26 380	26 710	26 048	24 944	26 020
Burlington Northern	34 867	38 770	38 967	38 482	36 959	38 294
Chicago & North Western	9 360	9 791	10 343	10 661	10 222	10 255
Denver & Rio Grande Western	2 230	2 709	2 622	2 479	2 382	2 548
Kansas City Southern	2 496	2 658	2 603	2 581	2 551	2 599
Missouri-Kansas-Texas	2 402	2 530	2 518	2 519	2 462	2 505
Missouri Pacific	14 623	17 174	16 599	15 769	15 149	16 242
St. Louis Southwestern	3 633	3 928	3 840	3 779	3 695	3 808
Soo Line	N/A	7 916	8 233	8 089	7 591	3 326
Milwaukee	N/A	4 524[1/]	-	-	-	4 223
Southern Pacific	24 773	25 728	26 131	25 762	25 165	25 749
Union Pacific	18 722	20 286	20 554	20 154	19 466	20 118
Western Pacific	1 473	1 579	1 556	1 540	1 500	1 551
TOTAL WEST	N/A	163 973	160 676	157 863	152 086	157 238
TOTAL US	N/A	306 323	309 664	303 951	292 239	301 881

N/A - Not Available.

1/ Average through February 19, 1985. After that data, employees are included in SOO Line.

A3275-1

SECOND QUARTER*
R&E Series No. 726

ASSOCIATION OF AMERICAN RAILROADS

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

ACCOUNT	FOR THE SECOND QUARTER 1986	1985	PERCENT INCREASE 1986 OVER 1985	FOR THE SIX MONTHS ENDED JUNE 30 1986	1985	PERCENT INCREASE 1986 OVER 1985
REVENUE						
FREIGHT	$6,426,833	$6,865,423	D 6.4	$12,900,432	$13,710,076	D 5.9
PASSENGER	26,783	25,880	3.4	53,241	51,267	3.9
PASSENGER RELATED	47	42	11.9	93	90	3.3
ALL OTHER OPERATING REVENUE	184,858	206,891	D 10.6	382,592	412,939	D 7.3
JOINT FACILITY ACCOUNT	2,167	2,060	5.2	4,449	5,214	D 14.7
TOTAL OPERATING REVENUES	6,640,688	7,100,296	D 6.5	13,340,797	14,179,580	D 5.9
EXPENSES						
DEPRECIATION-ROAD	607,629	246,410	146.6	861,841	490,782	75.6
ALL OTHER WAY AND STRUCTURES	758,684	774,604	D 2.1	1,542,110	1,626,359	D 5.2
TOTAL WAY AND STRUCTURES	1,366,313	1,021,014	33.8	2,403,951	2,117,141	13.5
DEPRECIATION-EQUIPMENT	264,127	235,899	12.0	501,536	475,633	5.4
ALL OTHER EQUIPMENT	1,293,289	1,345,668	D 3.9	2,603,753	2,757,486	D 5.6
TOTAL EQUIPMENT EXPENSE	1,557,416	1,581,567	D 1.5	3,105,289	3,233,119	D 4.0
TRANSPORTATION-TRAIN & YARD	2,153,633	2,535,624	D 15.1	4,570,947	5,168,484	D 11.6
TRANSPORTATION-SPEC. SERV. & ADM.	354,628	354,781	D .0	706,946	723,292	D 2.3
GENERAL & ADMINISTRATIVE	684,925	681,154	.6	1,369,440	1,391,843	D 1.6
TOTAL OPERATING EXPENSES	6,116,913	6,174,140	D .9	12,156,573	12,633,879	D 3.8
NET REVENUE FROM RAILWAY OPERATIONS	523,755	926,156	D 43.4	1,184,224	1,545,701	D 23.4
OTHER INCOME	285,212	298,183	D 4.4	570,922	623,762	D 8.5
DIVIDENDS FROM AFFILIATES	10,651	13,067	D 18.5	17,539	16,074	9.1
EQUITY IN UNDISTR.EARN. OF AFFIL.	6,946	417	1,565.7	29,227	12,875	127.0
TOTAL INC. FROM AFFILIATED COS.	17,597	13,484	30.5	46,766	28,949	61.5
MISCELLANEOUS DEDUCTIONS	80,854	78,530	3.0	157,316	150,788	4.3
INCOME AVAILABLE FOR FIXED CHARGES	745,710	1,159,293	D 35.7	1,644,596	2,047,624	D 19.7
FIXED CHARGES						
INTEREST ON FUNDED DEBT	216,261	224,454	D 3.7	437,834	449,865	D 2.7
INTEREST ON UNFUNDED DEBT	9,708	10,001	D 2.9	18,768	21,688	D 13.5
AMORT. OF DISCOUNT ON FUNDED DEBT	2,891	2,220	30.2	5,794	4,467	29.7
TOTAL FIXED CHARGES	228,860	236,675	D 3.3	462,396	476,020	D 2.9
INCOME AFTER FIXED CHARGES	516,850	922,618	D 44.0	1,182,200	1,571,604	D 24.8
OTHER DEDUCTIONS	2,915	2,931	D .5	5,840	5,874	D .6
UNUSUAL OR INFREQ.ITEMS (DR.) CR.	DR 659,734	0	D .0	DR 659,734	DR 66	D *******
INCOME(LOSS)FR.CONT.OPER.BEF.INC.TAX	DEF 145,799	919,687	D 115.9	516,626	1,565,664	D 67.0
INCOME TAXES ON ORDINARY INCOME	91,928	101,710	D 9.6	201,626	172,485	16.9
PROVISION FOR DEFERRED INC. TAXES	CR 268,544	184,429	D 244.0	CR 120,733	359,613	D 133.6
INCOME(LOSS)FR.CONT.OPER.AFT.INC.TAX	30,817	631,548	D 95.1	435,733	1,033,566	D 57.8
INC.(LOSS)FR.OPER.OF DISCONT.SEG.	0	0	.0	0	0	.0
GAIN(LOSS)ON DISP.OF DISCONT.SEG.	0	0	.0	0	0	.0
ORDINARY INCOME	30,817	631,548	D 95.1	435,733	1,033,566	D 57.8
EXTRAORDINARY ITEMS (NET)	39,691	34,479	15.1	54,949	47,082	16.7
INCOME TAXES ON EXTRAORD. ITEMS	0	0	.0	0	0	.0
PROV.FOR DEF.TAXES-EXTRAORD.ITEMS	0	0	.0	0	0	.0
CUM.EFFECT CHANGES IN ACCT.PRIN.	335,841	0	.0	335,841	0	.0
NET INCOME(AFTER EXTRAORD. ITEMS)	DEF 265,333	666,027	D 139.8	154,841	1,080,648	D 85.7
INCOME FROM LEASE OF ROAD & EQUIP	404	394	2.5	804	779	3.2
RENT FOR LEASED ROADS & EQUIPMENT	4,998	7,191	D 30.5	12,570	14,069	D 10.7
NET RAILWAY OPERATING INCOME	764,945	644,814	9.3	1,115,097	1,026,893	8.6
CASH FLOW	627,083	1,299,869	D 51.8	1,649,150	2,346,719	D 29.7
RATIOS						
RATIO TO OPERATING REVENUES						
OPERATING EXPENSES	92.1	87.0		91.1	89.1	
OPERATING EXPENSES(INC.INC.TAXES)	89.5	91.0		91.7	92.9	
NET RAILWAY OPERATING INCOME	10.6	9.1		8.4	7.2	

RATE OF RETURN ON PROPERTY INVESTMENT[5]

12 MONTHS ENDED JUNE 30, 1986 & 1985

(Dollars in Thousands)

	NET INVESTMENT*		NET RAILWAY OPERATING INCOME		RATE OF RETURN	
	1986	1985	1986	1985	1986	1985
EASTERN DISTRICT	$22,193,510	$21,732,780	$ 776,951	$ 1,135,603	3.50%	5.23%
WESTERN DISTRICT	24,043,407	23,092,084	1,057,639	1,093,956	4.40	4.74
UNITED STATES	$46,236,917	$44,824,864	$ 1,834,590	$ 2,229,559	3.97%	4.97%

*Includes special charges; see inserted "Special Notes"

RAILROAD REVENUES, EXPENSES, AND INCOME

SECOND QUARTER 1986 AND 1985

Class I Railroads in the United States

Dollars in Thousands

DISTRICT AND RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
EASTERN DISTRICT										
BOSTON & MAINE	$15,412	$28,868	$16,284	$30,237	$19,990	$29,163	$-3,069	$1,162	$-3,632	$1,148
CSX TRANSPORTATION	1,141,823	1,195,526	1,177,081	1,237,533	987,756	1,070,255	111,547	108,921	119,637	121,326
CONRAIL	774,528	796,347	797,835	824,662	657,700	691,253	106,337	121,984	101,539	100,632
DELAWARE & HUDSON	17,646	27,273	17,888	27,659	20,117	27,001	-3,059	1,007	-2,216	886
ELGIN, JOLIET & EASTERN	14,210	16,771	19,953	23,831	19,238	21,735	1,789	1,978	-173	441
FLORIDA EAST COAST	28,610	27,630	29,291	28,048	22,765	23,269	4,488	6,151	2,064	568
GRAND TRUNK WESTERN	82,033	82,672	85,976	85,729	86,522	84,877	9,596	793	-848	1,296
ILLINOIS CENTRAL GULF	153,029	204,700	170,857	223,415	168,838	210,751	3,748	5,580	8,242	12,154
NORFOLK & WESTERN	408,642	433,396	424,487	452,027	321,740	327,303	74,216	83,248	50,881	66,824
SOUTHERN RAILWAY SYSTEM	421,241	424,893	430,121	434,787	322,546	340,265	65,158	54,727	64,428	58,385
TOTAL EASTERN DISTRICT	$3,057,174	$3,238,076	$3,169,773	$3,367,928	$2,627,212	$2,825,872	$370,751	$385,551	$339,922	$363,460
WESTERN DISTRICT										
ATCHISON, TOPEKA & SANTA FE	$461,564	$531,566	$471,583	$543,030	$437,660	$497,786	$21,155	$32,712	$27,537	$37,572
BURLINGTON NORTHERN	895,040	979,366	915,635	1,001,700	1,181,248	805,396	-131,645	114,497	-122,531	114,562
CHICAGO & NORTH WESTERN	181,117	183,452	205,490	208,480	193,043	198,252	4,620	2,575	12,265	10,425
DENVER & RIO GRANDE WESTERN	76,979	83,311	77,934	84,438	68,057	74,234	6,178	5,286	4,901	6,884
KANSAS CITY SOUTHERN	67,231	78,678	70,595	82,283	60,827	69,612	4,589	6,660	6,781	8,713
MISSOURI PACIFIC	391,413	401,403	401,414	412,573	359,827	399,068	-130,826	1,595	160,309	14,784
MISSOURI-KANSAS-TEXAS	55,562	68,361	58,361	71,404	56,270	66,184	4,200	2,912	2,348	5,515
SOO LINE	147,655	160,304	152,060	165,585	149,874	166,564	4,948	-4,716	5,404	6,003
SOUTHERN PACIFIC CO.	479,504	521,769	498,082	537,333	479,507	521,813	29,530	31,225	21,961	18,811
ST. LOUIS SOUTHWESTERN	89,121	97,532	90,256	98,896	83,176	94,830	4,650	3,787	4,606	2,188
UNION PACIFIC	481,452	480,143	486,001	484,529	375,862	402,771	-139,754	56,991	225,435	58,385
WESTERN PACIFIC	43,021	41,462	43,484	42,117	44,350	51,758	-17,579	-7,527	16,027	-2,488
TOTAL WESTERN DISTRICT	$3,369,659	$3,627,347	$3,470,895	$3,732,368	$3,489,701	$3,348,268	$-339,934	$245,997	$365,043	$281,354
TOTAL UNITED STATES	$6,426,833	$6,865,423	$6,640,668	$7,100,296	$6,116,913	$6,174,140	$30,817	$631,548	$704,965	$644,814

RAILROAD REVENUES, EXPENSES, AND INCOME

SIX MONTHS JUNE 30, 1986 AND 1985

Class I Railroads in the United States

Dollars in Thousands

DISTRICT AND RAILROAD	FREIGHT REVENUE ACCOUNT 101		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1986	1985	1986	1985	1986	1985	1986	1985	1986	1985
EASTERN DISTRICT										
BOSTON & MAINE	$38,491	$56,465	$40,354	$59,033	$45,187	$57,725	$-379	$2,079	$-4,685	$1,456
CSX TRANSPORTATION	2,250,813	2,357,781	2,317,554	2,439,761	1,993,791	2,159,219	181,950	189,819	212,989	193,548
CONRAIL	1,508,796	1,556,128	1,558,586	1,613,334	1,371,896	1,434,241	150,861	164,910	132,849	134,695
DELAWARE & HUDSON	42,563	53,031	43,262	53,959	46,452	56,296	-4,801	-2,425	-3,164	-2,280
ELGIN, JOLIET & EASTERN	28,122	31,112	40,716	44,538	40,376	42,058	2,459	3,113	-909	140
FLORIDA EAST COAST	57,622	58,385	59,172	59,376	45,542	46,003	9,095	12,689	4,747	3,929
GRAND TRUNK WESTERN	161,629	167,966	169,069	174,531	176,300	172,114	4,055	1,311	-6,380	3,073
ILLINOIS CENTRAL GULF	334,962	427,845	372,618	465,275	339,145	440,772	21,263	9,105	31,719	22,816
NORFOLK & WESTERN	811,380	844,353	843,325	878,506	661,913	678,759	126,731	139,216	91,861	104,977
SOUTHERN RAILWAY SYSTEM	846,641	846,956	865,470	867,904	669,827	701,505	117,293	97,835	120,696	100,561
TOTAL EASTERN DISTRICT	$6,081,019	$6,400,022	$6,310,126	$6,656,217	$5,390,429	$5,788,692	$608,527	$617,652	$579,723	$562,915
WESTERN DISTRICT										
ATCHISON, TOPEKA & SANTA FE	$959,321	$1,069,078	$980,689	$1,092,134	$912,871	$1,022,150	$40,495	$60,281	$53,436	$55,823
BURLINGTON NORTHERN	1,839,449	2,013,850	1,882,738	2,057,296	2,006,688	1,667,243	-53,424	233,200	-39,006	227,982
CHICAGO & NORTH WESTERN	367,970	361,850	418,254	413,114	395,976	405,548	8,399	-10,335	22,419	9,713
DENVER & RIO GRANDE WESTERN	151,342	166,984	153,663	169,456	134,313	151,141	11,099	11,281	10,964	11,802
KANSAS CITY SOUTHERN	144,641	154,207	151,789	161,307	126,894	139,330	13,623	10,953	16,868	15,100
MISSOURI PACIFIC	801,450	832,595	824,807	855,249	733,924	802,823	-110,217	29,222	203,425	56,475
MISSOURI-KANSAS-TEXAS	114,070	130,831	119,774	137,096	114,967	129,293	5,420	-2,986	5,327	2,554
SOO LINE	299,919	323,565	308,620	333,969	302,757	336,850	5,321	-12,059	8,936	3,587
SOUTHERN PACIFIC CO.	932,007	1,025,846	968,136	1,057,963	1,012,733	1,069,788	-2,262	4,814	-38,003	-6,480
ST. LOUIS SOUTHWESTERN	173,645	196,156	176,181	199,301	164,913	192,315	8,756	6,520	7,045	3,440
UNION PACIFIC	952,135	961,044	961,595	971,306	777,286	838,956	-85,125	92,956	266,155	88,355
WESTERN PACIFIC	83,454	74,042	84,425	75,172	82,822	89,750	-14,879	-7,933	17,808	-4,373
TOTAL WESTERN DISTRICT	$6,819,403	$7,310,048	$7,030,671	$7,523,363	$6,766,144	$6,845,187	$-172,794	$415,914	$535,374	$463,978
TOTAL UNITED STATES	$12,900,422	$13,710,070	$13,340,797	$14,179,580	$12,156,573	$12,633,879	$435,733	$1,033,566	$1,115,097	$1,026,893

TOTAL OPERATING REVENUES, EXPENSES, [1] ORDINARY INCOME, NET RAILWAY OPERATING INCOME, REVENUE TON—MILES AND CAPITAL EXPENDITURES

CLASS I RAILROADS IN THE UNITED STATES [2] BY QUARTERS 1981 - 1986

(All amounts in millions)

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total [4]
TOTAL OPERATING REVENUES					
1981	$7 660	$7 582	$7 964	$7 699	$30 905
1982	7 190	7 222	6 613	6 482	27 507
1983	6 397	6 584	6 808	6 937	26 726
1984	7 451	7 545	7 415	7 048	29 459
1985	7 079	7 068	6 743	6 745	27 635
1986	6 700	6 641			
TOTAL OPERATING EXPENSES					
1981	$6 954	$7 174	$7 332	$7 117	$28 577
1982	6 821	6 821	6 500	6 331	26 473
1983	6 028	6 221	6 319	6 396	24 964
1984	6 619	6 471	6 351	6 363	25 804
1985	6 460	6 153	5 914	6 736	25 259
1986	6 040	6 117			
ORDINARY INCOME (After Fixed Charges)					
1981	$626	$336	$480	$562	$2 004
1982	216	340	200	425	1 180
1983	181	235	371	430	1 217
1984	593	809	769	488	2 659
1985	402	640	646	85	1 779
1986	402	31			
NET RAILWAY OPERATING INCOME					
1981	$475	$278	$434	$198	$1 385
1982	201	267	115	183	767
1983	265	247	399	385	1 296
1984	564	767	731	482	2 544
1985	382	646	573	159	1 762
1986	410	705			
REVENUE TON-MILES					
1981	236 597	222 516	227 534	225 058	911 705
1982	207 428	208 027	191 521	192 771	799 747
1983	196 120	203 900	210 808	215 323	826 150
1984	231 377	235 017	233 686	221 671	921 751
1985	220 655	222 843	216 223	216 302	875 976p
1986	219 636	221 527			
CAPITAL EXPENDITURES					
1981	926	710	550	668	2 854
1982	417	513	461	584	1 975
1983	227	505	364	710	1 807
1984	648	1 165	1 327	1 177	4 317
1985	699	1 336	1 321	1 136	4 493
1986	668				

r - revised
p - Preliminary

NOTES TO THE RE&I REPORT

1. The change in 1984 quarterly data from Replacement, Retirement, Betterment Accounting (RRB) to Depreciation Accounting (DA) affects the comparability of trends published in the quarterly "Revenue, Expenses and Income" statement (RE&I). Statistics for years prior to 1984 (as shown above) are on a RRB basis. Beginning in 1984, statistics are on a depreciation accounting basis.

2. Effective January 1, 1985, three railroads were reclassified from Class I to Class II status and no longer file quarterly or annual reports to the Interstate Commerce Commission. They are: Bessemer & Lake Erie Railroad Company, Pittsburgh & Lake Erie Railroad Company and Duluth, Missabe and Iron Range Railway Company. The data for these carriers are included through 1984 in the trends section.

3. The results of the Milwaukee Road, Inc. are included in the Soo Line Railroad Company report.

4. Differences in totals and subtotals are due to rounding.

5. Rate of return is calculated on the net investment in road and equipment on a depreciation accounting basis, less interest during construction and debit balances in other elements of investment plus working capital. The rate of return does not contain an adjustment for investment tax credits, as prescribed by the Commission in Ex Parte No. 393, due to lack of available data on a quarterly basis. It is estimated that under the Ex Parte No. 393 formula a slightly lower return would result for most carriers.

6. The rates of return for the year ending June 30, 1986 and 1985 are calculated on the year end 1985 net investment and the year end 1984 net investment, respectively. All components of the ROI are on a DA basis.

ECONOMICS & FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
50 F STREET, NW
WASHINGTON, DC 20001
SEPTEMBER 3, 1986

SUPPLEMENT TO R&E Series No. 726

CAPITAL EXPENDITURES

September 3,1986

(Dollars in Millions)

	1ST QTR		2ND QTR		3RD QTR		4TH QTR		YEAR		
	Road	Equip	Road	Equip	Road	Equip	Road	Equip	Road	Equip	Total
1981	$303	$623	$ 299	$411	$ 321	$229	$410	$258	$1334	$1521	$2855
1982	209	208	269	244	348	113	436	147	1262	713	1975
1983	169	59	393	112	262	103	533	177	1356	451	1807
1984	527	120	944	217	1125	199	869	308	3472	845	4317
1985	568	131	1079	257	1035	286	869	267	3521	972	4493
1986	496	172									

REVENUE TON-MILES

(Millions)

RAILROAD	SECOND QUARTER 1986	FIRST QUARTER 1986	FOURTH QUARTER 1985	THIRD QUARTER 1985	SECOND QUARTER 1985	FIRST QUARTER 1985
ATSF	16,234	16,965	16,902	17,171	17,202	17,819
BM	323	480	586	585	600	580
BN	42,048	45,869	45,883	45,436	46,123	46,653
CNW	6,897	6,745	5,692	6,150	6,220	6,213
CR	19,006	18,123	18,746	17,881	19,181	18,323
CSX	35,231	33,305	33,376	32,533	35,341	32,803
DH	556p	785	854	922	939	933
DRGW	3,166	2,814	2,829	2,892	3,095	2,828
EJE	107	107	103	121	135	121
FEC	927	904	841	762	805	819
GTW	1,293	1,245	1,262	1,193	1,335	1,232
ICG	4,731	5,815	6,383	5,740	6,361	7,263
KCS	2,612	3,027	2,702	2,898	3,046	2,973
MKT	2,011	2,098	2,135	2,445	2,218	2,119
MP	12,268	13,744	12,620	12,983	12,504	13,263
NW	11,400	11,817	11,125	10,540	11,335	11,166
SSW	3,120	2,965	3,206	3,253	3,467	3,545
SOO*	4,651	4,986	5,199	4,523	5,072	3,548
SP	15,815	15,159	15,062	15,992	16,585	15,862
SRS	12,103	11,814	11,818	11,656	12,444	11,476
UP	25,236	19,373	17,461	18,952	17,317	19,665
WP	1,791	1,498	1,517	1,595	1,518	1,451
TOTAL	221,527	219,636	216,302	216,223	222,843	220,655

e - estimate
p - preliminary
* - Includes Milwaukee beginning 2/19/85

NOTE: Total of quarters will not add to total for year due to non-reported revisions in earlier quarters of year and rounding.

Starting first quarter 1984 data reflects depreciation accounting and is not directly comparable to data in prior quarters.

AVERAGE NUMBER OF EMPLOYEES

RAILROAD	SECOND QUARTER 1986	FIRST QUARTER 1986	FIRST QUARTER 1985	SECOND QUARTER 1985	THIRD QUARTER 1985	FOURTH QUARTER 1985	YEAR 1985
Boston & Maine	1 458	2 324	2 437	2 535	2 546	2 509	2 507
CSX Transportation	48 522	47 775	52 405	54 451	51 794	49 589	52 011
Conrail	34 858	31 591	34 826	37 348	37 830	35 322	36 331
Delaware & Hudson	505	1 145	1 283	1 443	1 442	1 380	1 387
Elgin, Joliet & Eastern	1 425	1 460	1 383	1 543	1 552	1 494	1 497
Grand Trunk Western	4 097	4 139	4 202	4 273	4 203	4 254	4 233
Florida East Coast	1 030	1 032	1 042	1 054	1 049	1 042	1 047
Illinois Central Gulf	6 958	7 733	9 409	9 695	9 162	8 588	9 215
Norfolk Southern	35 437	34 630	35 363	36 646	36 510	35 975	36 415
TOTAL EAST	134 290	131 829	142 350	148 988	146 088	140 153	144 643
Atchison, Topeka & Santa Fe	24 354	24 021	26 380	26 710	26 048	24 944	26 020
Burlington Northern	35 269	34 867	38 770	38 967	38 482	36 959	38 294
Chicago & North Western	9 647	9 360	9 791	10 343	10 661	10 222	10 255
Denver & Rio Grande Western	2 357	2 230	2 709	2 622	2 479	2 382	2 548
Kansas City Southern	2 470	2 496	2 658	2 603	2 581	2 551	2 599
Missouri-Kansas-Texas	2 114	2 402	2 530	2 518	2 519	2 462	2 505
Missouri Pacific	13 889	14 623	17 174	16 599	15 769	15 149	16 242
St. Louis Southwestern	3 542	3 633	3 928	3 840	3 779	3 695	3 808
Soo Line	6 722	6 940	7 916	8 233	8 089	7 591	3 326
Milwaukee	-	-	4 524 1/	-	-	-	4 223
Southern Pacific	24 147	24 773	25 728	26 131	25 762	25 165	25 749
Union Pacific	18 743	18 722	20 286	20 554	20 154	19 466	20 118
Western Pacific	1 449	1 473	1 579	1 556	1 540	1 500	1 551
TOTAL WEST	144 703	145 540	163 973	160 676	157 863	152 086	157 238
TOTAL US	278 993	277 369	306 323	309 664	303 951	292 239	301 881

N/A - Not Available.

1/ Average through February 19, 1985. After that data, employees are included in SOO Line.

September 3,1986

SPECIAL NOTES

SPECIAL NOTES TO THE SECOND QUARTER 1986 RE&I REPORT

During the second quarter of 1986, the Burlington Northern Railroad Company (BN) and Union Pacific Corporation (UP), which include the Union Pacific Railroad (UPR), the Missouri Pacific Railroad (MPR), and the Western Pacific Railroad (WPR), recorded a number of special charges to reflect cost associated the write down of surplus properties, changes in accounting methods, and the establishment of reserves for workforce reductions. The impact of these special charges on second quarter Revenues, Expenses and Income accounts are shown below.

($ Thousands)

REI Account Line No.	Account Item	BN	UPR	MPR	WPR	Total UPC	TOTAL IMPACT
6	Operating Revenue	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
7	Depreciation - Road	+331,223	0	0	0	0	+ 331,223
10	Depreciation - Equip	+ 21,275	0	0	0	0	+ 21,275
16	Operating Expenses	+352,498	0	0	0	0	+ 352,498
17	Net Revenue Rail Operation	-352,498	0	0	0	0	- 352,498
30	Unusual or Infrequent Items	0	-359,573	-272,112	- 28,049	-659,734	- 659,734
31	Ordinary Income (before tax)	-352,498	-359,573	-272,112	- 28,049	-659,734	-1,012,232
32 & 33	Income Taxes (paid & deferred)[1/]	-172,011	-165,404	-125,172	- 12,903	-303,479	- 475,490
37	Ordinary Income (after tax)	-180,487	-194,169	-146,940	- 15,146	-356,255	- 536,742
41	Cum. Change in Acctg. Prin.[1/]	-335,841	0	0	0	0	- 335,841
42	Net Income	-516,328	-194,169	-146,940	- 15,146	-356,225	- 872,553
Net Railway Operating Income		-180,487	+165,404	+125,112	+ 12,903	+303,479	+ 122,992

Special Charge	BN	UPC	TOTAL
Pretax	$1,002,498	$659,734	$1,662,232
After tax	516,328	356,255	872,583

[1/] Net of income taxes of $314,159 due to accounting change. Gross pretax charge for BN is ($352,498 operating expenses + $650,000 cum. change in acctg. principles) $1,002,498.